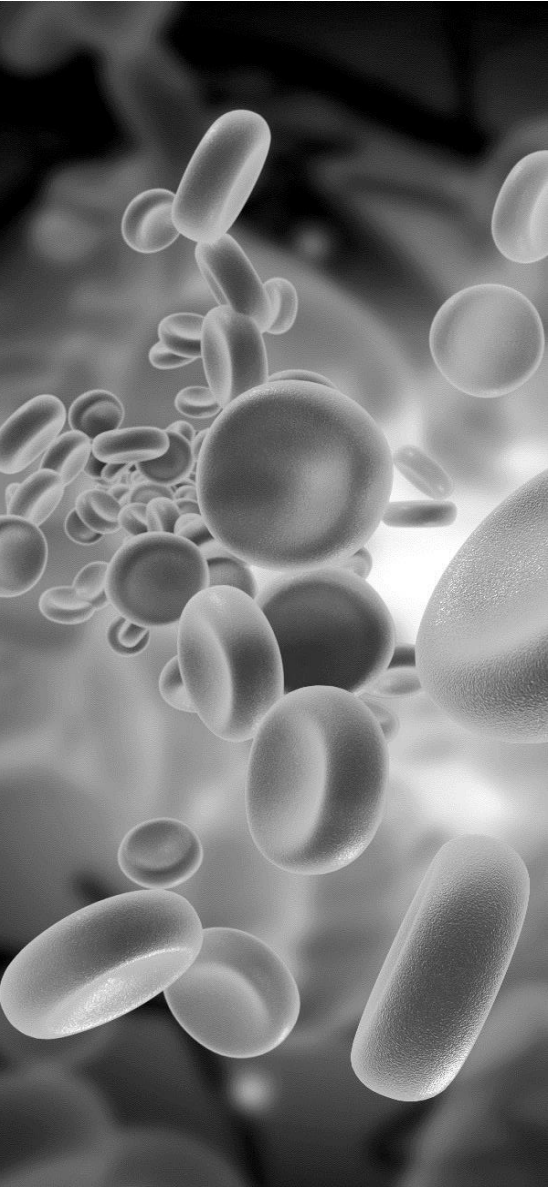


Fourth Quarter and Full Year Report 2016

Nordic Nanovector ASA

NORDIC NANOVECTOR

Q4'16 Highlights

- **Lymrit 37-01 trial advancing with a higher dosing regimen for Betalutin® in Arm 4**
  - Recruitment and treatment into Arm 4 on-track for a timely SRC evaluation and selection of dosing regimen for pivotal Phase 2 PARADIGME trial

- **Results presented at ASH 2016 continue to highlight Betalutin®'s promising clinical profile**
  - Significant anti-tumour activity observed: ORR of 62%, CR 38% in Arm 1 patients receiving 15MBq/kg; consistent for 16 patients treated in Arm 1/Phase 2 (ORR 69%, CR 38%)
  - Durable responses observed: median duration of response of 20.7 months for patients in Arm 1
  - Well tolerated with predictable and manageable safety profile

- **Further progress on R&D pipeline**
  - Entered into R&D collaborations with LegoChem Biosciences and Heidelberg Pharma to explore potential of ADCs with non-radionuclide payloads for the treatment of leukaemias

- **New members join Executive Management Team and Board of Directors**
  - Dr Lisa Rojkjaer, MD, joined as Chief Medical Officer
  - Dr Joanna Horobin, MD, elected as Non-executive Director

- **New funds raised enable expanded and extended development strategy for novel targeted therapeutics**
  - Successful private placement raised NOK 499 million in gross proceeds (December 2016)

Events after Q4'16

- **Decision to initiate clinical programmes targeting 2nd and 1st line FL in 2017 supported by preclinical data**
  - Results presented at ASH 2016 show synergistic anti-tumour effect of Betalutin® in combination with rituximab

- **First sites in US are now open for the Phase 1 study in relapsed DLBCL**

Key figures

Amounts in MNOK (except earnings/loss per share)	Fourth Quarter		Full Year	
	2016	2015	2016	2015
Total revenue	0.1	0.1	0.3	0.4
Total operating expenses	65.4	33.4	216.7	183.5
Operating profit (loss)	-65.3	-33.3	-216.4	-183.1
Net financial items	6.1	2.5	-18.8	10.4
Total comprehensive income (loss) for the period	**-59.3**	**-31.0**	**-235.8**	**-173.1**
Basic and diluted earnings (loss) per share	**-1.31**	**-0.70**	**-5.26**	**-4.28**
Number of employees	**28**	**26**	**28**	**26**
Net change in bank deposits, cash and equivalents	458.1	-26.1	274.9	406.3
Cash and equivalents at beginning of period	560.1	769.5	743.4	337.0
Cash and equivalents at end of period	**1 018.2**	**743.4**	**1 018.2**	**743.4**

Nordic Nanovector had a very successful 2016, achieving important milestones with regard to the clinical development of Betalutin®, progress with its preclinical candidates towards the clinic and building a foundation of R&D innovation and expertise for the development of a pipeline of novel targeted therapies for major haematological cancers.

A key event that will enable the company to work towards its broader long-term ambition was achieved in December with the successful completion of a NOK 499 million private placement. With its strengthened financial position, Nordic Nanovector aims to maximise the value of its novel targeted biopharmaceutical candidates (Betalutin®, alone and in combination with rituximab, and its chimeric anti-CD37 ARC) across all stages of FL (1st, 2nd and 3rd line) and in other major haematological cancer indications; to prepare for the commercialisation of Betalutin®; and to selectively extend its pipeline leveraging internal and external innovation and expertise in ARCs and ADCs.

The company's confidence in Betalutin® in 3rd line FL was confirmed during the fourth quarter 2016. On the basis of recommendations from the trial's Safety Review Committee, a new, higher dosing regimen for Betalutin® is being tested in the Lymrit 37-01 trial. Patient recruitment into Arm 4 of the study, which will test the higher dosing regimen, is on track to enable a decision on the optimal dosing regimen for the pivotal Phase 2 PARADIGME trial to be made in the first half of 2017. Updated results from the trial presented at ASH 2016 in December confirmed the promising clinical profile of Betalutin® in relapsed NHL reported previously.

The synergistic anti-tumour effect of Betalutin® in combination with rituximab in a preclinical NHL model was also presented at ASH. These promising data support the company's decision to advance this combination into clinical development targeting 2nd line FL. Furthermore, preclinical development with the chimeric anti-CD37 ARC has been completed successfully, and the company plans to start first clinical studies during the second half of 2017. The potential to access the total FL market presents a significantly larger market opportunity for Nordic Nanovector's candidates than 3rd line FL alone.

Finally, as part of its strategy to broaden and diversify its pipeline, the company entered collaboration agreements with LegoChem and Heidelberg Pharma to explore potential of ADCs with non-radionuclide payloads for the treatment of leukaemias.

Operational review

New funds raised enable expanded and extended development strategy for novel targeted therapeutics

In December, Nordic Nanovector successfully raised NOK 499 million in gross proceeds in an oversubscribed private placement with new and existing investors. The strengthened financial position now enables the company to drive a more extensive development and commercialisation strategy aimed at maximising the opportunity in follicular lymphoma (FL) with Betalutin® (alone in 3rd line and in combination with rituximab in 2nd line) and its chimeric anti-CD37 ARC (antibody radionuclide conjugate) in 1st line; while also targeting other major haematological cancer indications, including diffuse large B-cell lymphoma (DLBCL).

The company's primary focus remains to obtain approval for Betalutin® for the treatment of 3rd line FL, targeting a first regulatory filing in 2019. Updated results from the ongoing Lymrit 37-01 trial were presented at the 58th American Society of Hematology (ASH) annual meeting in December 2016, and confirmed the promising clinical profile of Betalutin® in relapsed NHL reported previously.

With new funds secured, the company now plans to:

- Initiate a Phase 2 clinical study of Betalutin® in combination with rituximab in 2nd line FL during the second half 2017. This study is supported by the preclinical results presented at ASH that demonstrated a synergistic anti-tumour effect of this combination, resulting in improved survival in non-Hodgkin lymphoma (NHL) models.
- Plan and initiate a Phase 1 clinical trial with a novel Lu-177-conjugated chimeric anti-CD37 ARC in NHL patients during the second half 2017. The company believes that, alongside the existing efficacy and safety profile seen with Betalutin®, the chimeric anti-CD37 ARC will allow repeated dosing, which will open the opportunity to 1st line FL treatment.

Nordic Nanovector aims to complete these clinical development programmes and retain the value created by independently commercialising its ARCs in the major markets. The strengthened financial position would enable the company to prepare for the commercialisation of Betalutin in 3rd line FL to be phased in based on an anticipated first regulatory filing in 2019.

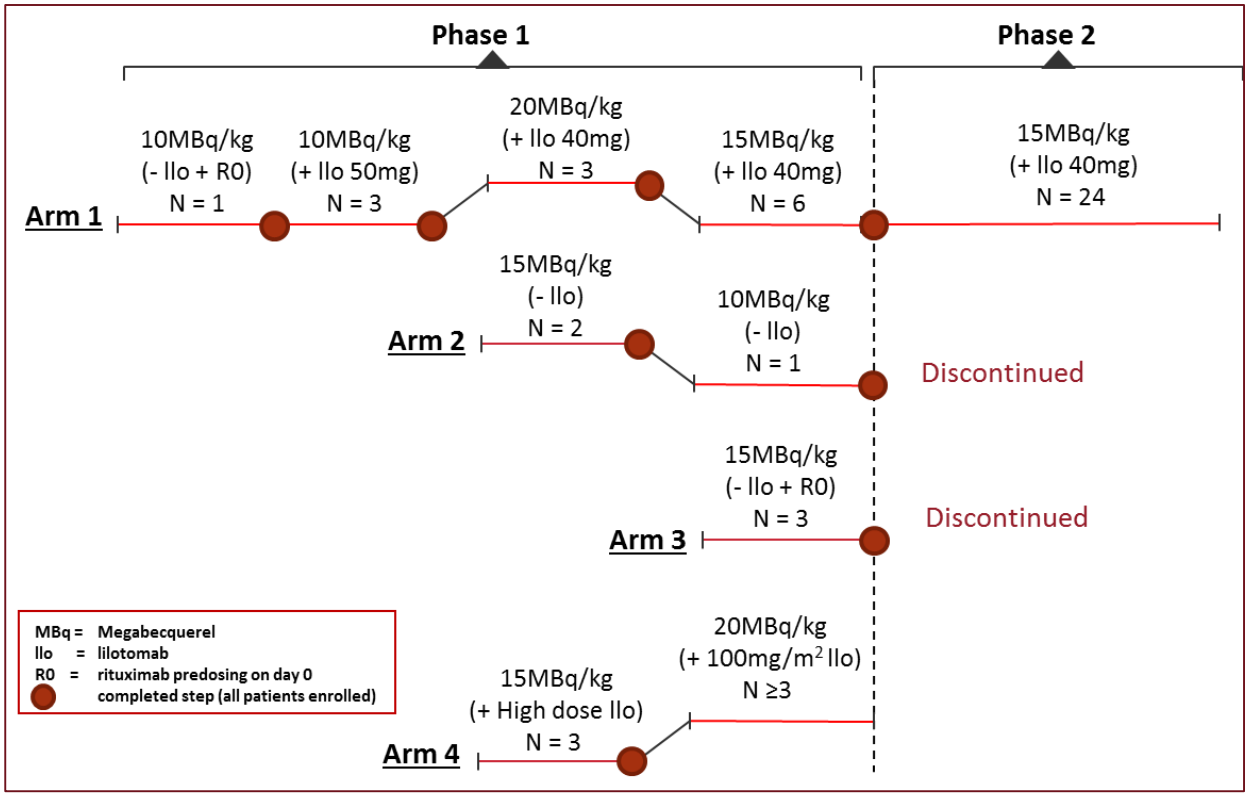
Behind the clinical development programmes with Betalutin® and the chimeric ARC, the company aims to selectively extend its pipeline targeting other B-cell malignancies by leveraging its core immuno-conjugate expertise with external innovation in the development of such targeted therapeutic candidates via partners.

Phase 1/2 trial (Lymrit 37-01) advancing to enable selection of optimal dose for Phase 2

Lymrit 37-01 is a Phase 1/2 open label, single injection ascending dose-finding study with four different treatment arms to investigate various Betalutin® doses and pre-dosing regimens in patients with relapsed/refractory NHL (see chart below).

On the basis of recommendations from the trial's Safety Review Committee (SRC) during the fourth quarter, the study has now advanced to its final stage in which a new, higher dosing regimen – 20 MBq/kg Betalutin® following pre-dosing with 100 mg/m^2 lilotomab – is being tested in Arm 4. Recruitment of patients is on track, with results expected to enable the selection of the final dosing regimen for evaluation in the pivotal Phase 2 PARADIGME trial planned for the second half of 2017.

Lymrit 37-01 – Phase 1/2 trial



Latest results from Lymrit 37-01 continue to support the promising clinical profile of Betalutin®

Updated safety and efficacy results (including duration of response) from the ongoing Lymrit 37-01 study were presented in December (Abstract no. 1780) at the 58th American Society of Hematology (ASH) annual meeting.

The updated data confirm Betalutin®'s promising efficacy and favourable safety profile as a single agent in 38 relapsed NHL patients, having failed multiple prior regimens and being eligible for assessments. The results were based on the data cut-off date of October 31st, 2016 and key conclusions were as follows:

- Significant anti-tumour activity was observed in the 35 patients evaluable for efficacy: The Overall Response Rate (ORR) was 63%, with 29% Complete Responses (CR);
- The 21 evaluable patients in the study who received Betalutin® at the dose of 15 MBq/kg predosed with 40 mg/m^2 lilotomab had an ORR of 62% and a CR of 38%; of these, the 16 patients enrolled in the Phase 2 expansion of Arm 1, showed an ORR of 69% and a CR of 38%;
- Durable responses have been observed with a median duration of response of 20.7 months for all patients in Arm 1;
- Betalutin® was generally well tolerated, with a predictable and manageable safety profile: The most common grade 3/4 adverse events were haematological in nature, and all have been transient and reversible

These results continue to be very encouraging, and demonstrate the potential of Betalutin® to provide a strong clinical profile as a single agent therapy in relapsed 3rd line FL, and therefore, a relevant and highly competitive new option for FL patients.

Investigating Betalutin® in DLBCL

Nordic Nanovector's first clinical study in DLBCL is open for enrolment in the US and EU. Lymrit 37-05 is a Phase 1 open label, single injection, ascending dose study that aims to investigate various Betalutin® doses and lilotomab pre-dosing regimens in up to 24 relapsed/refractory DLBCL patients who are not eligible for transplantation. The objective of the study is to identify the optimal dose regimen to advance into Phase 2.

The first read out is expected in the second half of 2018.

Advancing Betalutin® into 2nd line FL in combination with rituximab

The decision to advance this clinical programme is supported by preclinical data in an *in vivo* model of NHL presented in a poster (Abstract no. 4189) at ASH 2016, that suggests a synergistic therapeutic effect of Betalutin® in combination with rituximab. These results build on previously presented data showing that treatment with Betalutin® increased binding of rituximab to NHL cells and uptake of rituximab in NHL tumours.

The median survival time of mice treated with the combination was statistically significantly longer (>222 days, $p < 0.05$) than the survival of those receiving either of the treatments alone (31-40 days with rituximab).

Should this effect be confirmed in clinical studies, it could represent a novel dual immunotherapy approach for the treatment of NHL that utilises two unique and highly expressed antigens on B-cell tumours.

Advancing a novel chimeric anti-CD37 ARC in FL

The company believes that, alongside the existing efficacy and safety profile seen with Betalutin®, the chimeric anti-CD37 ARC will allow repeated dosing, which could open the opportunity to 1st line FL.

Results presented in October 2016 at the European Association of Nuclear Medicine (EANM) annual conference from studies with the chimeric ARC in preclinical lymphoma and leukaemia models confirm its therapeutic potential and the rationale for advancing this programme into clinical development.

The company has successfully completed both the preclinical studies with the chimeric ARC and the manufacturing process for the naked chimeric antibody.

Pipeline development – research and development update

Nordic Nanovector's broader strategy is to expand its pipeline of targeted therapies, by leveraging its expertise alongside partners' complementary technologies to create opportunities for innovative products with other radionuclide and non-radionuclide payloads as tumour-killing agents.

In the first half of 2016, the company initiated collaborations with AREVA Med and Paul Scherrer Institute to develop ARCs targeting leukaemias. In the fourth quarter, Nordic Nanovector entered into two additional research collaborations with LegoChem Biosciences and Heidelberg Pharma to explore the potential of ADCs including tumour-targeting antibodies conjugated to anti-cancer compounds that are not radionuclides. These agreements are focused on developing ARCs and ADCs for treating types of leukaemia with a significant unmet medical need, and representing a growing market estimated to be worth over USD 5 billion by 2020.

Senior Management and Board strengthened

During the fourth quarter, Dr Lisa Rojkjaer, MD, joined Nordic Nanovector as Chief Medical Officer (CMO) and as a member of the Executive Management Team. Dr Rojkjaer is a board-certified haematologist with more than 15 years of global and regional clinical development and medical affairs expertise in the biotech and pharma industry. She brings an extensive experience in the development of both biologics and small molecules in haematology and immunology.

In October, Dr Joanna Horobin, MD, was elected to board as Non-executive Director. Dr Horobin replaces Dr Renee P Tannenbaum who stepped down from the board of directors for personal reasons. Dr Horobin has comprehensive experience within the biopharmaceutical industry focused on the development and regulatory strategy, as well as on the execution of clinical trial programmes for novel cancer therapies. In addition, she held significant leadership roles in the approvals and launches of several successful products including Taxotere® (docetaxel) in breast cancer and Campto/Camptosar® (CPT11) for colorectal cancer.

Financial review

The interim consolidated financial statements for Nordic Nanovector Group[1] as of December 31st, 2016 have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Interim consolidated statement of profit or loss

(Figures in brackets = same period 2015 unless stated otherwise)

Revenues in the fourth quarter of 2016 amounted to NOK 0.079 million (NOK 0.143 million), primarily consisting of sales of incubator services and sublease of office and laboratory facilities. Revenues for the fiscal year 2016 were NOK 0.314 million (NOK 0.437 million).

Total operating expenses for the quarter came to NOK 65.4 million (NOK 33.4 million). Payroll and related expenses rose to NOK 22.2 million (NOK 15.7 million) mainly due to an increase in social security accruals related to granted options. Other expenses increased to NOK 42.9 million during the quarter (NOK 17.4 million) mainly as a result of a high level of clinical trial activity, as well as preclinical research and development.

Total operating expenses for 2016 was NOK 216.7 million (NOK 183.5 million), reflecting higher headcount, social security accruals described above and increased clinical trial and preclinical research and development activity.

Research and development (preclinical, clinical, regulatory and CMC activities) expenses accounted for 70.3% of total operating expenses in the fourth quarter of 2016 (59.7 %) and 70.4% in 2016 (70.5%).

Operating loss for the quarter was NOK 65.3 million (loss of NOK 33.3 million), for the reasons stated above. Operating loss for 2016 was NOK 216.4 million (loss of NOK 183.1 million).

Net financial items for the quarter came to NOK 6.1 million (NOK 2.5 million) mainly due to gain on currency fluctuation on bank accounts in foreign currencies. Net financial items for the year were negative NOK 18.8 million (NOK 10.4 million), mainly due to currency fluctuations on bank accounts in foreign currencies.

Nordic Nanovector's comprehensive loss for the quarter amounted to NOK 59.3 million (loss of NOK 31.0 million), due to the reasons stated above. Comprehensive loss for 2016 was NOK 235.8 million (NOK 173.1 million).

Financial position

Total assets at December 31st, 2016 amounted to NOK 1 044.7 million, up from NOK 760.4 million at December 31st, 2015. The increase was primarily due to an increase in equity following the private placement in December 2016.

Total liabilities were NOK 95.5 million at the end of the fourth quarter, up from NOK 47.6 million from year end 2015 primarily due to higher accounts payable, mainly related to development cost of the lead product candidate Betalutin®, share issue costs paid in 2017 and accrued social security related to outstanding options.

Total shareholders' equity at December 31st, 2016 was NOK 949.3 million (NOK 712.7 million at year end 2015), corresponding to an equity ratio of 90.9 % (93.7 % at year end 2015).

Cash flow

Net cash flow from operating activities in the fourth quarter and fiscal year 2016 was negative NOK 15.0 million (negative NOK 37.5 million) and negative NOK 170.2 million (negative NOK 150.2 million) respectively, reflecting the impact of research and development activities.

Net cash flow from investing activities in the fourth quarter and full year 2016 was NOK 3.3 million (NOK 11.4 million) and NOK 3.0 million (NOK 10.1 million) respectively, primarily related to received interest on bank deposits.

Driven by the private placement in December 2016, net cash flow from financing activities for the fourth quarter was NOK 464.9 million (no cash flow from financing activities in the fourth quarter of 2015). The corresponding figure for 2016 was NOK 465.5 million (NOK 546.4 million).

[1] *"the group" refers to Nordic Nanovector ASA ("the parent company" or "the company") and its wholly owned subsidiaries*

Exchange rate fluctuations in the fourth quarter had a positive impact on cash and cash equivalents of NOK 5.0 million. The corresponding figure for 2016 was a negative impact of NOK 23.4 million.

Cash and cash equivalents amounted to NOK 1 018.2 million at the end of December 2016, compared to NOK 560.1 million at the end of September 2016 and NOK 743.4 million at the end of December 2015.

Outlook

Nordic Nanovector is committed to develop, manufacture and deliver innovative therapies to patients to address major unmet medical needs and advance cancer care. The company aspires to become a leader in the development of targeted therapies for haematological cancers.

2016 was a very successful year for the company with the achievement of important milestones in the clinical development of Betalutin®, in the progress with its preclinical candidates towards the clinic and in building a foundation of R&D innovation and expertise for the development of a pipeline of novel targeted therapies for major haematological cancers.

Looking forward, the company intends to leverage this progress and its strengthened financial position to drive an expanded and extended strategy towards achieving its broader long-term ambitions: maximise the value of its novel targeted biopharmaceutical candidates across all stages of FL and other major haematological cancer indications, to prepare for the commercialisation of Betalutin® and to selectively extend its pipeline.

The competitive profile for Betalutin® remains promising. Strong results and good progress in the Lymrit 37-01 clinical study give the company confidence that it is on track to select a dosing regimen for Betalutin® in Phase 2. Management will continue to focus its efforts on the efficient execution of its plans and to meet anticipated clinical milestones. Current cash resources are now expected to be sufficient to take the company beyond a planned first regulatory submission for Betalutin® in FL in the first half of 2019 and to meet value-generating clinical milestones in its other programmes.

Oslo, February 27th, 2017

The board of directors
Nordic Nanovector ASA

Interim condensed consolidated statement of profit or loss and other comprehensive income

Amounts in NOK 1 000	Note	Fourth quarter		Full Year	
		2016	2015	2016	2015
Revenues		**79**	**143**	**314**	**437**
Total revenues		**79**	**143**	**314**	**437**
Payroll and related expenses	4, 5, 6	22 177	15 661	62 362	52 360
Depreciation		329	298	1 160	994
Other operating expenses	4	42 883	17 441	153 154	130 178
Total operating expenses		**65 389**	**33 400**	**216 676**	**183 532**
Operating profit (loss)		**-65 310**	**-33 257**	**-216 362**	**-183 095**
Finance income and finance expenses					
Finance income		6 707	2 892	10 248	12 214
Finance expenses		625	397	29 057	1 796
Net financial items		**6 082**	**2 495**	**-18 809**	**10 418**
Loss before income tax		**-59 228**	**-30 762**	**-235 171**	**-172 677**
Income tax		-114	-334	-339	-398
Loss for the period		**-59 342**	**-31 096**	**-235 510**	**-173 075**
Other comprehensive income (loss), net of income tax to be reclassified to profit and loss in subsequent periods					
Translation effects		44	62	-252	-37
Total comprehensive income (loss) for the period		**-59 298**	**-31 034**	**-235 762**	**-173 112**
Loss for the period attributable to owners of the company		-59 342	-31 096	-235 510	-173 075
Total comprehensive income (loss) for the period attributable to owners of the company		-59 298	-31 034	-235 762	-173 112
Earnings (loss) per share					
Basic and diluted earnings (loss) per share in NOK	9	-1.31	-0.70	-5.26	-4.28

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of financial position

Amounts in NOK 1 000	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Property, plant and equipment		3 145	2 807
Total property, plant and equipment		**3 145**	**2 807**
Receivables			
Other non-current receivables		0	0
Total non-current receivables		**0**	**0**
Current assets			
Receivables			
Other current receivables	4	23 377	14 193
Total receivables		**23 377**	**14 193**
Cash and cash equivalents		**1 018 217**	**743 367**
Total current assets		**1 041 594**	**757 560**
TOTAL ASSETS		**1 044 739**	**760 367**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7	9 795	8 904
Share premium	7	1 433 743	969 175
Other paid in capital	5,6	19 826	12 973
Accumulated losses		-514 075	-278 314
Total shareholders' equity		**949 289**	**712 738**
Liabilities			
Current liabilities			
Accounts payable		53 160	20 156
Tax payable		377	404
Other current liabilities	10	41 913	27 069
Total current liabilities		**95 450**	**47 629**
Total liabilities		**95 450**	**47 629**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 044 739**	**760 367**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of changes in equity

For the period ended 31 December							
Amounts in NOK 1 000	**Note**	**Share capital**	**Share premium**	**Equity-settled share-based payments**	**Accumulated losses**	**Translation effects**	**Total equity**
Balance at 1 January 2015		**5 310**	**426 339**	**3 763**	**-105 037**	**-164**	**330 211**
Loss for the year					-173 075	0	-173 075
Other comprehensive income (loss) for the year net of income tax					0	-37	-37
Total comprehensive income for the year		**0**	**0**	**0**	**-173 075**	**-37**	**-173 212**
Recognition of share-based payments	5	0	0	9 210	0	0	9 210
Issue of ordinary shares	7	3 594	571 406	0	0	0	575 000
Share issue costs	7	0	-28 571	0	0	0	-28 571
Balance at 31 December 2015		**8 904**	**969 175**	**12 973**	**-278 113**	**-201**	**712 738**
Loss for the period					-235 510	0	-235 510
Other comprehensive income (loss) for the year, net of income tax						-252	-252
Total comprehensive income for the year		**0**	**0**	**0**	**-235 510**	**-252**	**-235 762**
Recognition of share-based payments	5,6	0	0	6 853	0	0	6 853
Issue of ordinary shares	5,7	875	497 789	0	0	0	498 664
Issue of ordinary shares under share options	7	16	581	0	0	0	597
Share issue costs	7	0	-33 802	0	0	0	-33 802
Balance at 31 December 2016		**9 795**	**1 433 743**	**19 826**	**-513 623**	**-452**	**949 289**

The interim financial information has not been subject to audit.

Interim condensed consolidated statement of cash flow

Amounts in NOK 1 000	Note	Fourth Quarter		Full Year	
		2016	2015	2016	2015
Cash flow from operating activities					
Loss for the period before income tax		**-59 228**	**-30 762**	**-235 171**	**-172 677**
Adjustments for:					
Interest received		-4 349	-11 583	-4 465	-12 365
Share option expense employees	5	2 106	1 101	6 212	9 210
Restricted share units expenses	6	272	0	641	0
Taxes paid		-121	-18	-320	-69
Depreciation		329	298	1 160	994
Currency (gains) losses not related to operating activities		-5 037	0	23 395	0
Changes in working capital and non-cash adjustments		50 992	3 465	38 367	24 690
Net cash flow from operating activities		**-15 036**	**-37 499**	**-170 181**	**-150 217**
Cash flow from investing activities					
Investments in property plant and equipment and intangible assets		-1 071	-181	-1 498	-2 228
Interests received		4 349	11 583	4 465	12 365
Net cash flow from investing activities		**3 278**	**11 402**	**2 967**	**10 137**
Cash flows from financing activities					
Net proceeds from equity issue	7	464 861	0	465 459	546 429
Net cash flow from financing activities		**464 861**	**0**	**465 459**	**546 429**
Effects of exchange rate changes on cash and cash equivalents		**5 037**	**0**	**-23 395**	**0**
Net change in bank deposits, cash and equivalents		458 140	-26 097	274 850	406 349
Cash and equivalents at beginning of period		560 077	769 464	743 367	337 018
Cash and equivalents at end of period		**1 018 217**	**743 367**	**1 018 217**	**743 367**

The interim financial information has not been subject to audit.

Nordic Nanovector ASA – Notes to the condensed interim financial statements for the fourth quarter and full year of 2016

Note 1. General information

Nordic Nanovector ASA ("the company") is a limited company incorporated and based in Oslo, Norway. The address of the registered office is *Kjelsåsveien 168 B, 0884 Oslo.*

The figures in this fourth quarter and full year report are non-audited figures.

These financial statements were approved for issue by the board of directors on February 27th, 2017.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements can be found in the group's Annual Report 2015. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) unless stated otherwise. The functional currency of the group is NOK.

Basis of preparation of the annual accounts

The Nordic Nanovector Group's interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the EU and are mandatory for financial years beginning on or after January 1st, 2015, and Norwegian disclose requirements listed in the Norwegian Accounting Act as of December 31st, 2015. The financial statements have been prepared on the historical cost basis, with the exception of receivables and other financial liabilities which are recognised at amortised cost.

Note 3. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31st, 2015.

Note 4. Government grants

Government grants have been recognised in profit or loss as a reduction of the related expense with the following amounts:

Amounts in NOK 1 000	Fourth quarter		Full Year	
	2016	2015	2016	2015
Payroll and related expenses	1 192	347	2 905	2 291
Other operating expenses	4 694	1 974	10 448	4 946

1) In 2016, the company received a new grant of up to NOK 15 million grant from the Research Council of Norway's User-driven Research-based Innovation programme (in Norwegian; Brukerstyrt innovasjonsarena, BIA). The project period is from 2016 to 2018. The purpose of the grant is to support research and development of novel targeted therapeutics for leukemia and NHL. The grant will be distributed to the company over the course of three years, with the first payment scheduled for in 2016. For the financial period ended December 31st, 2016, the company has recognised NOK 5.0 million classified partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

2) The company has been awarded a grant from The Research Council programme for user-managed innovation arena (BIA) of NOK 10.5 million in total for the period 2012 through 1H 2016. For the financial period ended December 31st, 2016, the company has recognised NOK 0.1 million (as of December 31st, 2015: NOK 1.9 million) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

3) The Research Council Eurostars has awarded a grant supporting a collaboration research agreement with Affibody AB for the period 2014 through 2017 of NOK 4 million in total. For the financial period ended December 31st, 2016, the company has recognised NOK 1.3 million (December 31st, 2015: NOK 1.5 million) partly as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

4) R&D projects have been approved for SkatteFUNN grants for the period 2015 through 2017. For the financial period ended December 31st, 2016, the company has recognised NOK 6.6 million compared to NOK 3.7 million for the same period in 2015. The amount was recognised partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

5) In 2016, The Research Council awarded a grant supporting a PhD for the period 2016 through 2019 of NOK 2.1 million. For the financial period ended December 31st, 2016, the company recognised NOK 0.3 million as a reduction of payroll and related expenses, and partly as a reduction of other operating expenses.

Note 5. Employee share option programme

The company has a share option scheme for all employees of the group. Each share option gives the right to acquire one ordinary share of the company on exercise. The company may settle options in cash.

Amounts in NOK	Year to date December 2016	
	Number of options	Weighted average exercise price
Balance at 1 January	2 171 576	26.77
Granted during the year	880 000	34.8
Exercised during the year	- 81 333	7.35
Forfeited	- 123 542	29.24
Balance at period end	**2 846 701**	**29.70**

As of December 31st, 2016 there are no outstanding options granted in 2011 to 2012. The remaining 78 333 options were exercised on April 20th, 2016. The options granted in 2014, 2015 and 2016 vest in accordance with the following vesting schedule: (i) 25% of the options vest 12 months after the date of grant and (ii) 1/36 of the remaining options vest each month thereafter. It is a condition for vesting that the option holder is an employee of the group at the time of vesting. Vested options may be exercised in a period of 15 Norwegian business days from

the day following the day of the company's release of its annual or quarterly results, unless the board of directors resolves otherwise. The options expire seven years from grant date.

On January 24th, 2017, the board of directors of the company resolved to increase the company's share capital to fulfil the company's obligations under the option agreements. The share capital was increased by NOK 11 305 through the issuance of 56 525 new shares, each with a nominal value of NOK 0.20, against payment of a total subscription price of NOK 1 624 650. Following this the company's share capital is NOK 9 806 228.60 divided into 49 031 143 shares, each with a nominal value of NOK 0.20.

On February 1st, 2017, the board granted 719 500 share options to employees as resolved at the annual general meeting held on May 19th, 2016.

Note 6. Restricted Stock Units (RSUs)

At the general meeting, the company resolved to issue restricted stock units ("RSUs") to board members who elect to receive all or parts of their remuneration, for the period from the annual general meeting in 2016 to the annual general meeting in 2017, in the form of RSUs pursuant to the respective restricted share units agreements ("RSU Agreement") entered into between the company and the relevant board members.

The RSUs are non-transferable and each RSU gives the right and obligation to acquire one share in the company at a price of NOK 0.20 per share (corresponding to the nominal value of the shares) subject to satisfaction of the applicable vesting conditions stated in the RSU Agreement.

The board members who elect to receive RSUs, must elect to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The election made by each board member has been set out in the table below. The number of RSUs to be granted to the members of the board of directors is calculated as the NOK amount of the RSU opted portion of total compensation to the board member, divided by the market price for the Nordic Nanovector share. The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date.

Pursuant to the RSU programme, the board members and primary insiders of the company received the following number of RSUs as of December 31st, 2016:

Name	Remuneration for the period 2016-2017	Allocation between cash and RSUs	Number of RSUs for the period 2016-2017	Total number of RSUs outstanding	Total number of shares
Ludvik Sandnes	NOK 490 000 [1]	100% RSU	21 604	21 604	125 000
Per Samuelsson	NOK 300 000 [2]	[3]	0	0	0
Hilde Hermansen Steineger	NOK 300 000 [4]	2/3 RSU	8 818	8 818	750
Gisela Schwab	NOK 240 000	2/3 RSU	7 054	7 054	0
Jean-Pierre Bizzari	NOK 240 000	1/3 RSU	3 527	3 527	0
Joanna Horobin	NOK 144 000 [6]	100% RSU	2 678	2 678	0
Renee P. Tannenbaum	NOK 44 055 [5]	1/3 RSU	647	647	0
Total			**44 328**	**44 328**	**125 750**

[1] NOK 450 000 as chairman of the board, NOK 20 000 as a member of the audit committee and NOK 20 000 as a member of the compensation committee.
[2] NOK 240 000 as board member, NOK 40 000 as chairman of the compensation committee and NOK 20 000 as a member of the audit committee.
[3] Per Samuelsson is not allowed to hold equity in the company due to his affiliation with HealthCap, and will only receive cash.
[4] NOK 240 000 as board member, NOK 40 000 as chairman of the audit committee and NOK 20 000 as a member of the compensation committee.
[5] Renee P. Tannenbaum stepped down from the board of directors on October 12th, 2016.
[6] Joanna Horobin elected as board member on October 12th, 2016.

A total of 44 328 RSUs have thus been granted as of December 31st, 2016. The RSUs will vest on May 19th, 2017.

Note 7. Share capital and shareholder information

Share capital as at December 31st, 2016 is NOK 9 794 924 (December 31st, 2015: NOK 8 903 808), being 48 974 618 ordinary shares at a nominal value of NOK 0.20. All shares carry equal voting rights.

The change in the number of shares during the period was as follows:	2016	2015
Ordinary shares at 1 January	44 519 041	26 550 291
Issue of ordinary shares [1)]	4 374 244	17 968 750
Issue of ordinary shares under share options [2)]	81 333	0
Ordinary shares	**48 974 618**	**44 519 041**

1) Nordic Nanovector raised NOK 498 663 816 in gross proceeds in December 2016 through a private placement of 4 374 244 new shares. The Private Placement was completed at a subscription price of NOK 114 per share, which was determined through an accelerated book-building process.

In March 2015 Nordic Nanovector undertook its Initial Public Offering (IPO), in conjunction with the listing of its shares on the Oslo Stock Exchange (OSE). The IPO was upsized from NOK 400 million to NOK 500 million on the basis of strong investor demand, and oversubscribed at the issue price of NOK 32. As a result, Nordic Nanovector raised NOK 500 million in gross proceeds from the sale of 15 625 000 shares at the issue price, from domestic and international institutional investors (Europe and US) and retail investors in Norway.

No stabilisation activities were undertaken in connection with Nordic Nanovector's initial public offering in March. The stabilisation manager exercised April 22nd, 2015 the option to purchase from the company 2 343 750 new shares in the company, equalling 15% of the aggregate number of new shares allocated in the public offering, at a price per share of NOK 32, which is equal to the offer price. The 2 343 750 shares were delivered to HealthCap VI L.P. from whom the same number of shares were borrowed in connection with the over-allotment and stabilisation activities in the offering.

After the issuance of the shares in connection with the exercise of the over-allotment option, the company had 44 519 041 shares in issue and received NOK 75 million in additional proceeds from the offering. Total gross proceeds from the offering increased to NOK 575 million.

2) The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to 10% of the share capital, to be used in connection with the share based incentive programmes for the group's employees. Of the authorised 4 897 461 shares, 2 846 701 shares are granted (ref. note 5). The authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017.

The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to 10% of the share capital, to be used for general corporate purposes, including but not limited to financing and acquisitions of other companies, including issuance of consideration shares in connection with the above mentioned transactions. The authorisation is valid until the next annual general meeting, but no longer than June 30th, 2017.

The annual general meeting held May 19th, 2016 granted an authorisation to increase the share capital limited to NOK 20 000 at par value. The authorisation may only be used to issue shares to members of the company's board of directors against contributions in NOK. Of the authorised 100 000 shares, 44 328 shares are granted (ref. note 6). The authorisation is valid until May 19th, 2018.

Participants in Nordic Nanovector ASA's first share option programme from 2011/2012 have on April 20th, 2016 exercised a total number of 30 000 options at a strike price of NOK 6.25, and 48 333 options at a strike price of NOK 6.75. Each option gives the right to receive one share in the company. The board of directors of the company has approved the exercise of the options and resolved to increase the company's share capital by NOK 15 666.6 through the issuance of 78 333 new shares, each at a nominal or par value of NOK 0.20.
A participant in Nordic Nanovector ASA's second share option programme has on August 30th, 2016 exercised a total number of 3 000 options at a strike price of NOK 28 per share. Each option gives the right to receive one share in the company. The board of directors of the company has approved the exercise of the options and resolved to increase the company's share capital by NOK 600 through the issuance of 3 000 new shares, each at a nominal or par value of NOK 0.20.

Nordic Nanovector ASA had 7 026 shareholders as at December 31st, 2016.

	Shareholders	Number of shares	Percentage of total shares
1	HealthCap VI L.P.	5 445 833	11.12 %
2	Folketrygdfondet	3 903 736	7.97 %
3	OM Holding AS	1 856 366	3.79 %
4	Nordnet Livsforsikring AS	1 394 522	2.85 %
5	Sciencons AS (Roy Hartvig Larsen)	1 000 000	2.04 %
6	Linux Solutions Norge AS	896 200	1.83 %
7	Radiumhospitalets Forskningsstiftelse	803 518	1.64 %
8	Must Invest AS	789 142	1.61 %
9	Inven2 AS	613 401	1.25 %
10	Credit Suisse Securities	573 168	1.17 %
11	Roy Hartvig Larsen	501 777	1.02 %
12	Nordnet Livsforsikring AS	491 156	1.00 %
13	VPF Nordea Avkastning	480 310	0.98 %
14	Ro Invest AS	450 000	0.92 %
15	Birk Venture AS	400 015	0.82 %
16	KLP Aksje Norge Index	369 669	0.75 %
17	Boddco AS	360 000	0.74 %
18	Skandinaviska Enskilda Banken AB	300 000	0.61 %
19	VPF Nordea Kapital	292 427	0.60 %
20	Nordnet Bank AB	286 785	0.59 %
	Total shares for top 20 shareholders	**21 208 025**	**43.30 %**
	Total shares for other 7 006 shareholders	27 766 593	56.70 %
	Total shares (7 026 shareholders)	**48 974 618**	**100.00 %**

The shares of Nordic Nanovector ASA have been traded on the Oslo Stock Exchange since March 23rd, 2015, and the shareholder base has increased from 535 shareholders as of December 31st, 2014 to 7 026 shareholders as of December 31st, 2016.

Note 8. Information about subsidiaries

The interim consolidated financial statements of the Group include:		% Equity interest	
Name	**Country of incorporation**	**2016**	**2015**
Nordic Nanovector GmbH	Switzerland	100	100
Nordic Nanovector Ltd	United Kingdom	100	100

Nordic Nanovector is a public limited company incorporated and domiciled in Norway. The company is the parent company in the group. The group's operations are carried out by the company and its wholly owned subsidiaries Nordic Nanovector GmbH and Nordic Nanovector Ltd. Nordic Nanovector GmbH is incorporated in Zug, Switzerland, with its registered address at *Grafenauweg 10, 6301 Zug, Switzerland*. Nordic Nanovector Ltd is incorporated in London, England, with its registered address *at Paternoster House, 65 St. Paul's Churchyard, London EC4M 8AB, United Kingdom.*

Note 9. Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary shareholders of the parent is based on the following data:

	2016	**2015**
Loss for the period (in NOK)	-235 510 000	-173 075 000
Average number of outstanding shares during the year	44 776 248	44 443 234
Earnings (loss) per share - basic and diluted	**-5.26**	**-4.28**

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share, or increase loss per share from continuing operations. As the company is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

Note 10. Other current liabilities

Amounts in NOK 1000	**31.12.2016**	**31.12.2015**
Unpaid duties and charges	2 211	4 390
Unpaid vacation pay	2 345	1 877
Other accrued costs	37 357	20 802
Other current liabilities	**41 913**	**27 069**

Other accrued costs for period ended December 31st, 2016 are mainly related to development cost of the lead product candidate Betalutin®, preclinical activities and accrued social security related to outstanding options.

Note 11. Subsequent events

Placement of cash in foreign currency

Nordic Nanovector ASA strives to identify and manage material foreign currency exposures and to minimise the potential effects of currency fluctuations on the reported cash flow. In order to achieve this, and to provide an operational hedge for purchases made in foreign currencies, the company has placed the estimated expenditure of these four currencies for the next 2-3 years in foreign currency bank accounts. One transaction was executed in January 2016 and an additional transfer of funds from NOK to currency-based deposits was executed in January 2017.

A total amount of NOK 207 million was placed in EUR, USD, GBP and CHF on January 31st, 2017 as summarised in the table below:

Amounts in 1000

Currency	**Purchased amount**
EUR	7 800
USD	12 000
GBP	1 750
CHF	2 500

All monetary assets and liabilities in foreign currencies must be translated at the exchange rate as at the reporting date. Currency exchange gains and losses are classified as financial income or financial expense in the statement of comprehensive income.

Exercise of employees share options

On January 24th, 2017, the board of directors of the company resolved to increase the company's share capital to fulfil the company's obligations under the option agreements. The share capital was increased by NOK 11 305 through the issuance of 56 525 new shares, each with a nominal value of NOK 0.20, against payment of a total subscription price of NOK 1 624 650. Following this the company's share capital is NOK 9 806 228.60 divided into 49 031 143 shares, each with a nominal value of NOK 0.20.

Share options granted

On February 1st, 2017, the board granted 719 500 share options to employees as resolved at the annual general meeting held on May 19th, 2016.

Additional information

Glossary of terms

- **1L, 2L, 3L**: first, second and third line of treatment
- **ADC**: Antibody-Drug Conjugate
- **ARC:** Antibody-Radionuclide Conjugate
- **(A)SCT**: (Autologous) stem cell transplant
- **ASH:** American Society of Hematology annual meeting
- **B-cell:** A type of lymphocyte (white blood cell) in the humoral immunity of the body's adaptive immune system. Can be distinguished from other lymphocytes by the presence of a protein on the B-cell's outer surface known as a B cell receptor (BCR). This specialised receptor protein allows a B-cell to bind to a specific antigen.
- **CD20:** B-lymphocyte antigen CD20 is an activated-glycosylated phosphoprotein expressed in the surface of all B-cells beginning at the pro-B phase and progressively increasing in concentration until maturity
- **CD37:** B-lymphocyte antigen CD-37 is a protein, a member of the transmembrane 4 superfamily, also known as the tetraspanin superfamily of cell surface antigens
- **CR:** Complete response
- **DLBCL**: Diffuse Large B-Cell Lymphoma
- **FL:** Follicular Lymphoma
- **FDA:** Food and Drug Administration
- **IFRS:** International Financial Reporting Standard
- **IND**: Investigational New Drug
- **IPO**: Initial Public Offering
- **KOL**: Key opinion leader
- **LCM:** Lifecycle management
- **Lilotomab:** Betalutin® consists of the radionuclide lutetium-177 conjugated to the B-cell seeking anti-CD37 antibody lilotomab (formerly referred to as HH1).
- **Lu-177:** Radionuclide lutetium-177
- **mAb:** Monoclonal antibody
- **MBq:** Megabecquerel (radioactivity measurement unit)
- **MD:** Medical doctor
- **nASCT:** Not eligible for autologous stem cell transplant
- **NNV003**: chimeric anti-CD37 antibody developed by Nordic Nanovector
- **NHL:** non-Hodgkin Lymphoma
- **OSE**: Oslo Stock Exchange
- **ORR**: Overall response rate (the CR and PR, jointly)
- **PARADIGME:** Name of Nordic Nanovector's pivotal Phase 2 study
- **PFS**: Progression free survival
- **PR:** Partial response
- **QoL**: Quality of life
- **R:** Rituximab
- **RIT:** Radioimmunotherapy
- **SAB:** Scientific Advisory Board
- **SD:** Stable disease
- **SRC:** Safety Review Committee
- **T-cell:** A type of lymphocyte (white blood cell) that plays a central role in cell-mediated immunity. Can be distinguished from other lymphocytes by the presence of a T-cell receptor (TCR) on the cell surface. They are called T-cells because they mature in the thymus.

Financial calendar

Q1-2017 results:	May 24th, 2017
Q2-2017 results:	August 23rd, 2017
Q3-2017 results:	November 22nd, 2017

The dates are subject to change. The time and location of the presentations will be announced in due time.

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Forward–looking statements

This report may contain certain forward-looking statements and forecasts based on uncertainty, since they relate to events and depend on circumstances that will occur in the future and which, by their nature, will have an impact on Nordic Nanovector's business, financial condition and results of operations. The terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology are used to identify forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied in a forward-looking statement or affect the extent to which a particular projection is realised. Factors that could cause these differences include, but are not limited to, implementation of Nordic Nanovector's strategy and its ability to further grow, risks associated with the development and/or approval of Nordic Nanovector's products candidates, ongoing clinical trials and expected trial results, the ability to commercialise Betalutin®, technology changes and new products in Nordic Nanovector's potential market and industry, the ability to develop new products and enhance existing products, the impact of competition, changes in general economy and industry conditions and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Nordic Nanovector disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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About Nordic Nanovector

Nordic Nanovector is committed to develop and deliver innovative therapies to patients to address major unmet medical needs and advance cancer care. The company aspires to become a leader in the development of targeted therapies for haematological cancers.

Nordic Nanovector's lead clinical-stage candidate is Betalutin®, a novel CD37-targeting Antibody-Radionuclide-Conjugates (ARC) designed to improve upon and complement current options for the treatment of non-Hodgkin Lymphoma (NHL). NHL is an indication with substantial unmet medical need and orphan drug opportunities, representing a growing market forecast to be worth nearly USD 20 billion by 2024.

The company aims to rapidly develop Betalutin®, alone and in combination with other cancer therapies, for the treatment of major types of NHL, targeting first regulatory submission in relapsed/refractory follicular lymphoma in 1H 2019. Nordic Nanovector intends to retain marketing rights and to actively participate in the commercialisation of Betalutin® in core markets.

The company is also advancing a pipeline of ARCs and other immunotherapies for multiple cancer indications.